

**DEPARTMENT OF VETERANS AFFAIRS (VA)  
REPORT TO CONGRESS ON CLAIMS PAYMENT PROCESSING FOR THE  
VETERANS ACCESS, CHOICE, AND ACCOUNTABILITY ACT**

**Issue:** Section 101(k)(4)(B) of the Veterans Access, Choice, and Accountability Act of 2014, Public Law (P.L.) 113-146 (Choice Act), as amended, directs the Secretary of Veterans Affairs to submit to the House and Senate Committees on Veterans' Affairs a quarterly report on the accuracy of the nationwide system for processing and paying bills or claims for authorized care and services furnished to eligible Veterans under the Veterans Choice Program (Choice Program) established by section 101.

**Discussion:**

Legislative Background

On August 7, 2014, President Obama signed the Choice Act into law. Section 101 of the Choice Act established the Choice Program, a new temporary program to furnish hospital care and medical services to eligible Veterans through eligible non-VA health care providers. Amendments to the Choice Act were made on September 26, 2014, by the Department of Veterans Affairs Expiring Authorities Act of 2014 (P.L. 113-175); on December 16, 2014, by the Consolidated and Further Continuing Appropriations Act of 2015 (P.L. 113-235); on May 22, 2015, by the Construction Authorization and Choice Improvement Act (P.L. 114-19); on July 31, 2015, by the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (P.L. 114-41); on April 19, 2017, by an act to amend the Choice Act to modify the termination date for the Veterans Choice Program, and for other purposes (P.L. 115-26); and on December 22, 2017, by the Third Continuing Appropriations for Fiscal Year 2018, Missile Defense, Health Provisions, Other Matters and Budgetary Effects (P.L. 115-96). On June 6, 2018, the President signed the VA Maintaining Internal Systems and Strengthening Integrated Outside Networks (MISSION) Act of 2018, which appropriated an additional \$5.2 billion to the Choice Fund to continue the Choice Program while VA prepares to implement the newly-consolidated Veterans Community Care Program. The MISSION Act also authorizes VA to use the Veterans Choice Fund for other community care, effective March 1, 2019. The Choice Program will expire when the amounts in the Choice Fund are exhausted or on June 6, 2019, whichever occurs first.

Veterans Choice Program Regulations

As required by the Choice Act, on November 5, 2014, VA published an interim final rulemaking, RIN 2900-AP24, that amended sections 17.108, 17.110, and 17.111 of title 38 of the Code of Federal Regulations (CFR) and established new regulations at 38 CFR 17.1500 through 17.1540 to implement the Choice Program. VA published another interim final rulemaking on April 24, 2015, modifying the methodology for calculating distances under the Choice Act from geodesic, or straight-line, distance to driving distance. On October 29, 2015, VA published a Final Rule, adopting minor changes to the regulations to reflect statutory amendments authorizing VA to pay higher than Medicare rates in Alaska and Maryland. On December 1, 2015, VA published a

third interim final rulemaking, RIN 2900-AP60, to implement additional amendments to the Choice Act made by the Construction Authorization and Choice Improvement Act of 2014 and the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015.

#### Program Implementation

VA signed contracts with two private health care companies to assist with the administration of the Choice Program. The contracts required our partners, TriWest and Health Net Federal Services, to schedule appointments for eligible Veterans, adjudicate and pay community provider medical service claims, and operate a call center to answer Veterans' questions about the program. VA is continuing to work with the contractors to make improvements to the delivery of benefits through the Choice Program and has, in some areas, taken back the Veteran appointment scheduling function.

In accordance with section 101(k) of the Choice Act, Choice Program reimbursement processing and payment was centralized to ensure efficiency of processing and accuracy of a proper payment. Claim reimbursement oversight is provided by the VA Office of Community Care Delivery Operations. Contractor medical service invoices were transferred to Veterans Integrated Service Network (VISN) 15, VA St. Louis Health Care System (HCS) claims processing systems (local Veterans Health Information Systems Technology Architecture (VistA) and the Fee Basis Claims System (FBCS)), where the contractor's reimbursement claims were processed by Austin, Texas-based staff and management of the VA Financial Services Center (FSC). Access to VISN 15, VA St Louis HCS FBCS/VistA system was provisioned, and training was completed in January 2015. A FBCS system enhancement was completed in January 2015 to allow for Choice claims to be routed electronically to the centralized payment center in VISN 15. The contractors began submitting claims in February 2015 and claims paid in accordance with the law and contract terms. In Fiscal Year (FY) 2017, VA began transitioning Choice claims from FBCS to FSC's Plexis Claim Manager (PCM) system located in Austin, Texas. PCM allows for greater auto-adjudication rates while applying consistent, industry standard business rules. VA is utilizing the Improper Payment Elimination Reduction and Improvement Act (IPERIA) criteria for accuracy standards for processing and payment of Choice claims. The IPERIA standards target is 98.5 percent payment accuracy. The goal is for all Community Care medical claims, to include Choice reimbursement claims, to meet this standard. VA is meeting the requirement for the auto-adjudication of these claims as of February 13, 2017, and they are now processed by FSC. VA continues to work with the contractors to improve the efficiency and accuracy of reimbursements.

As of September 30, 2018, the PCM system had received and processed 8.8 million claims from both contractors, with a 98-percent VA reimbursement rate. PCM claims maintain a timely processing rate of 99.6 percent within 30 days. The average PCM reimbursement processing turnaround is 7.2 days.

VA is submitting the fourth quarter report of FY 2018. The report contains data covering FY 2016, FY 2017 and FY 2018, and Total from Inception to Date, in order to demonstrate VA's measured and sustained progress in processing claims from Health Net and TriWest. Data is derived from the FBCS and PCM systems at a fixed point of time but can change as claims status changes over time (i.e., rejected, re-opened, re-processed, denied, reopened, rejected again).

Through the end of the fourth quarter of FY 2018, VA processed the following claims for the Choice program:

<b>FY 2018</b>					
<b>FY 2018 1st Quarter Data</b>			<b>FY 2018 2nd Quarter Data</b>		
<b>Status</b>	<b># of Claims Processed Oct-Dec FY 2018</b>	<b>VA Amount Paid Oct-Dec FY 2018</b>	<b>Status</b>	<b># of Claims Processed Jan-Mar FY 2018</b>	<b>VA Amount Paid Jan-Feb FY 2018</b>
Accepted	1,777,631	\$ 666,970,110.66	Accepted	1,460,806	\$ 463,371,882.21
Denied	35,879		Denied	19,704	
Rejected	601		Rejected	2,847	
<b>Total</b>	<b>1,814,111</b>	<b>\$ 666,970,110.66</b>	<b>Total</b>	<b>1,483,357</b>	<b>\$ 463,371,882.21</b>
<b>FY 2018 3rd Quarter Data</b>			<b>FY 2018 4th Quarter Data</b>		
<b>Status</b>	<b># of Claims Processed Apr-Jun FY 2018</b>	<b>VA Amount Paid Apr-Jun FY 2018</b>	<b>Status</b>	<b># of Claims Processed Jul-Sep FY 2018</b>	<b>VA Amount Paid Jul-Sep FY 2018</b>
Accepted	1,615,242	\$ 471,181,127.89	Accepted	1,254,076	\$ 369,622,876.96
Denied	14,090		Denied	22,500	
Rejected	2,850		Rejected	2,295	
<b>Total</b>	<b>1,632,182</b>	<b>\$ 471,181,127.89</b>	<b>Total</b>	<b>1,278,871</b>	<b>\$ 369,622,876.96</b>

The following chart shows claims processed in FY 2017:

FY 2017					
FY 2017 1st Quarter Data			FY 2017 2nd Quarter Data		
Status	# of Claims Processed Oct-Dec FY 2017	# of Claims Processed Oct-Dec FY 2017	Status	# of Claims Processed	VA Amount Paid Jan-Mar FY 2017
Accepted	2,258,071	\$ 738,846,779.93	Accepted	2,274,008	\$ 931,511,965.78
Denied	6		Denied		
Rejected	24,710		Rejected	28,599	
<b>Total</b>	<b>2,282,787</b>	<b>\$ 738,846,779.93</b>	<b>Total</b>	<b>2,302,607</b>	<b>\$ 931,511,965.78</b>
FY 2017 3rd Quarter Data			FY 2017 4th Quarter Data		
Status	# of Claims processed Apr-Jun FY 2017	VA Amount Paid Apr-Jun FY 2017	Status	# of Claims processed Jul-Sep FY 2017	VA Amount Paid Jul-Sep FY 2017
Accepted	2,275,572	\$ 891,759,122.80	Accepted	1,738,351	\$ 678,443,261.62
Denied	24,268		Denied	36,654	
Rejected	1,682		Rejected	-	
<b>Total</b>	<b>2,301,522</b>	<b>\$ 891,759,122.80</b>	<b>Total</b>	<b>1,775,005</b>	<b>\$ 678,443,261.62</b>

The following chart shows claims processed in FY 2016:

FY 2016					
FY 2016 1st Quarter Data			FY 2016 2nd Quarter Data		
Status	# of Claims Processed Oct-Dec FY 2016	VA Amount Paid Oct-Dec FY 2016	Status	# of Claims Processed Jan-Mar FY 2016	VA Amount Paid Jan-Mar FY 2016
Accepted	126,732	\$ 28,502,193.71	Accepted	358,955	\$ 98,380,066.56
Denied	7		Denied	9	
Rejected	28,446		Rejected	27,643	
<b>Total</b>	<b>155,185</b>	<b>\$ 28,502,193.71</b>	<b>Total</b>	<b>386,607</b>	<b>\$ 98,380,066.56</b>
FY 2016 3rd Quarter Data			FY 2016 4th Quarter Data		
Status	# of Claims Processed April-Jun FY 2016*	VA Amount Paid April-Jun FY 2016	Status	# of Claims Processed Jul-Sep FY 2016	VA Amount Paid Jul-Sep FY 2016
Accepted	1,232,129	\$ 357,481,192.56	Accepted	722,756	\$ 281,486,305.00
Denied	12		Denied	13	
Rejected	37,697		Rejected	41,195	
<b>Total</b>	<b>1,269,838</b>	<b>\$ 357,481,192.56</b>	<b>Total</b>	<b>763,964</b>	<b>\$ 281,486,305.00</b>

The following chart shows claims processed since implementation:

<b>Total since Implementation (November 5, 2014, to September 30, 2018)</b>		
<b>Status</b>	<b># of Claims Processed through EOM Sep FY 2018</b>	<b>VA Amount Paid through EOM Sep FY 2018</b>
Accepted	17,167,452	\$5,993,858,368.88
Denied	153,210	
Rejected	200,112	
<b>Grand Total</b>	<b>17,520,774</b>	<b>\$5,993,858,368.88</b>

\*VA Processing of Choice claims began in March 2015

Sources: CDW FBCS UB/HCFA Tables; Expedited Payment Table, PIT Claims, Institutional and Professional claims. The report includes claims processed thru FBCS, the expedited payment process, and FSC Processing thru the PIT tables.

Department of Veterans Affairs  
November 2018